

# Governor Brewer's Medicaid Plan

Given the continued struggles of many Arizonans, including hospitals, physicians and other healthcare providers, the Governor recommends accepting the opportunity to restore the Proposition 204 population and covering adults up to 133% of the federal poverty level. Extending coverage to 133% would only add 57,000 people to the population already covered by Proposition 204.

## PROVIDER ASSESSMENT:

- Allow hospitals to assess a reimbursable fee upon themselves – using that revenue to leverage federal assistance.
- This will replace the City of Phoenix assessment which expires on December 31, 2013.
- The new statewide assessment would go in effect on January 1, 2014.

## SAFEGUARDS:

- Circuit breaker protects the State if federal matching rates drop below 80%. CMS has already given guidance that state can opt in and out of the program at any time.
- The proposed assessment will relieve the General Fund of the Prop. 204 burden, freeing funds for other state priorities.
- Cities would be preempted from issuing additional assessments.

## Consequences of Not Approving the Governor's Plan:

- 50-60,000 childless adults will lose coverage on January 1, 2014, even if they are in the middle of treatment.
- The Safety Net Care Pool which provides more than \$300 million in federal funds to the Maricopa Integrated Health System, Phoenix Children's Hospital and University Medical Center will be eliminated January 1, 2014.
- Uncompensated care costs at all hospitals will continue to increase at a rapid rate.
- Safety net providers and hospitals will struggle to stay open.
- Rural hospitals will struggle to remain open.
- Insurance company premiums will continue to increase as hospitals shift more uncompensated care costs onto insurance companies.

## New Provider Assessment Protects the General Fund

- Since 2007 Medicaid costs have grown by 35%
- At full implementation the Prop. 204 expansion's unfunded costs are \$256.0 million
- The proposed assessment will relieve the General Fund of the Prop. 204 burden, freeing funds for other state priorities
- Assessment is consistent with 2004's Prop. 101, requiring self-funding for all initiatives
- Replaces City of Phoenix assessment
- Cities will no longer be allowed to levy assessment

